(iv) Counter vailing duty equivalent to the States excise duty is proposed to be imposed on import of alcoholic beverages.

Besides, an Inter-ministerial Groups has been set up under the Chairmanship of Commerce Secretary, to examine the likely impact of QR removal on domestic producers and to suggest suitable measures to be taken by the Government

**Repeal of SICA**

*343. SHRI N. K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to stop the functioning of BIFR and withdraw the Sick Industrial Companies (Special Provisions) Act;

(b) if so, the details thereof; and

(c) what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a)Yes, Sir.

(b) Based on the recommendations of various committees including Eradi Committee on Law Relating to Insolvency and Winding up of Companies and the decisions of the Group of Ministers constituted to consider the matter relating to repeal of Sick Industrial Companies (Special Provisions) Act, 1985, (SICA), the Government propose to repeal SICA as per the announcement made in me Budget Speech 2001-2002 by Finance Minister.

(c) The above decision has been taken to remove the lacunae in the existing mechanism and to provide the faster mechanism by replacing the Board for Industiral and Finance Reconstruction (BIFR) and Appellate Authority for Industrial and Financial Reconstruction (AAIFR) with a National Company Law Tribunal and to provide for effective, orderly and expeditious procedure to deal with the matters relating to rehabilitation, revival and winding up of the companies and with a view to avoiding multiplicity of fora such as Company Law Board, BIFR and High Courts.

**Statutory audit of panchayats and municipalities**

*344. SHRI K. KALAVENKATA RAO: Will the Minister of FINANCE be pleased to state:

(a) Whether Government propose to bring uniformity in all accounting and audit arrangements of panchayat and municipalities by bringing them under C AG with authority to lay down accounting and auditing standards and general superintendence over such audit;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) to (c) Government have accepted the recommendation of the Eleventh Finance Commission that the Comptroller & Auditor General of India should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all the tiers/levels of panchayats and urben local bodies.

The details of the accepted recommendation of the Eleventh Finance Commission are as under:—

(i) States should review the existing accounting heads under which funds are being transferred to the local bodies. For each such major head/ sub-major head, six minor heads should be created-three for the PRIs and another three for the ULBs—so that a clear picture of transfers to each category of local bodies is readily available. In addition, specific demand heads should be created in the State Budgets for the rural and the urban local bodies, respectively, wherein transfers to these bodies under various detailed heads of account are enlisted. This may be done in consultation with the C & AG and the Controller General of Accounts, to ensure uniformity among the States.

(ii) The C&AG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all the tiers/levels of panchayats and urban local bodies.

*(m)* The Director, Local Fund Audit or any other agency made responsible for the audit of accounts of the local bodies, should work under the technical and administrative supervision of the C&AG in the same manner as the Chief Electoral Officers of the States operate under the control any supervision of the Central Election Commission. In no case should the Director for Panchayats or for Urban Local Bodies be entrusted with this work. The prescribed authority entrusted with the audit and accounts should not have any functional responsibility in

regard to the local bodies, so as to ensure his independence and accountability.

(iv) The C&AG should prescribe the format for the preparation of budgets and for keeping of accounts for the local bodies. Such formats should be amenable to computerisation in a networked environment.

(v) Local bodies particularly the village level panchayats and in some case the intermediate level panchayats, that do not have trained accounts staff, may contract out the upkeep of accounts to outside agencies/person. For this purpose:

(a) The C&AG may lay down the qual ification and experience for the agency/person who could be contracted out the work of maintenance of accounts. The Director, Local Fund Audit or his equivalent authority may do the registration of such agency/ person.

(b) A group of local bodies may be entrusted to an agency/person for upkeep of accounts on payment of remuneration as may be fixed by the C&AG in consultation with the State Government.

(c) The Director, Local Fund Audit or his equivalent authority, under the direction of the C&AG, may do the supervision over the quality of work of such agency /person.

(d) Non-compliance or poor performance should lead to deregistration of the agency/person entrusted with such task.

(vi) Audit of accounts of the local bodies be entrusted to the C & AG who may get it done through his own staff or by engaging outside agencies on payment of remuneration fixed by him. An amount of half-a-per cent of the total expenditure incurred by the local bodies should be placed with the C & AG for this purpose.

(vii) The report of the C&AG relating to audit of accounts of the panchayats and the municipalities should be placed before a Committee of the State Legislature constituted on the same lines as the Public Accounts Committee.

**New petrol pumps and LPG agencies in Arunachal Pradesh**

*345. SHRI NABAM REBIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state: